

Message Text

SECRET

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EXDIS

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EO 11652: GDS DECLAS IMPOSSIBLE TO DETERMINE

TAGS: PFOR JA KS KN EEWT

SUBJ: SECRETARY'S CONVERSATION WITH FONMIN KIMURA ON KOREA

SUMMARY: ON FONMIN KIMURA'S INSTRUCTIONS, DIRECTOR NE ASIA DIVISION SEO CALLED IN EMBOFF DEC 3 TO PROVIDE OFFICIAL ELABORATION OF SOME OF REMARKS KIMURA MADE REGARDING KOREA TO SECRETARY DURING NOVEMBER 25 DISCUSSIONS. LACK OF TIME PREVENTED KIMURA FROM AMPLIFYING ON HIS REMARKS DURING NOV 30 MEETING WITH SECRETARY. ELABORATIONS INVOLVE KIMURA'S REMARKS ON EX-IM CREDITS TO NORTH KOREA AND COMMENTS ON JAPAN'S ATTITUDE TOWARD CONTACTS WITH NK. KIMURA, THROUGH SEO, ALSO SOUGHT TO CLARIFY GOJ'S ATTITUDE TOWARD POSSIBLE US APPROACH TO SEOUL ON TWO JAPANESE YOUTH IMPRISONED IN ROK. END SUMMARY.

1. REGARDING EXTENSION OF EX-IM CREDITS TO NK, SEO REVIEWED KIMURA'S REMARKS TO SECRETARY, THEN ELABORATED AS FOLLOWS: TWO PROJECTS ARE INVOLVED: (A) \$2 MIL WORTH OF TOWEL MANUFACTURING EQUIPMENT (PROJECT KIMURA DISCUSSED), AT 6.5 PERCENT INTEREST, WITH THREE YEARS FOR REPAYMENT. (B) \$2 MIL WORTH OF BOLT/NUT MANUFACTURING EQUIPMENT, 6.5 PERCENT INTEREST, WITH TWO YEARS FOR REPAYMENT. BOTH PROJECTS WERE APPROVED PRIOR TO PRESIDENT FORD'S VISIT TO JAPAN.

2. CONTINUING AMPLIFICATION, SEO SAID GOJ RESPONDED

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DEC 2 TO EARLIER ROK DEMARCHE ON CREDITS AS FOLLOWS:

(A) EXTENSION OF CREDITS DOES NOT ENTAIL EITHER AID OR ECONOMIC COOPERATION. EX-IM FUNDS ARE USED EITHER TO REDUCE TERMS TO ASSIST LDCS IN DEVELOPMENT OR PURELY AS COMMERCIAL TRANSACTIONS AS SUPPLIERS CREDITS. TWO APPROVED PROJECTS ARE OF LATTER VARIETY. JAPAN'S POLICY TOWARD NK IS UNCHANGED AND GOJ DOES NOT CONTEMPLATE ANY ACT OF RECOGNITION OF NK UNDER PRESENT CONDITIONS. (B) GOJ TOLD ROKG FURTHERMORE THAT AMOUNT IS NEGLIGIBLE, PARTICULARLY COMPARED TO ESTIMATED \$2 BIL JAPAN HAS INVESTED IN ROK (\$500 MIL AT NORMALIZATION; ADDITIONAL \$400 MIL GOVERNMENTAL INVESTMENT SINCE NORMALIZATION; AND \$1.1 BIL PRIVATE INVESTMENT AND CREDIT). (C) GOJ EMPHASIZED TO ROKG DOMESTIC CONSIDERATIONS INVOLVED IN DECISION ON EX-IM CREDITS TO NK. GOJ IS CONSTANTLY CRITICIZED FOR ONE-SIDED POLICY. EXTENSION OF SMALL EX-IM CREDITS WILL HELP DULL THIS CRITICISM. (D) FINALLY, REGARDING POSSIBILITY THAT CREDITS COULD UNDERMINE ROK-JAPAN RELATIONS, GOJ TOLD ROKG A MAJOR PURPOSE OF LENGTHY EXPLANATION WAS TO PREVENT ANY HARM TO BILATERAL RELATIONS. ANY REVERSAL OF DECISION ON CREDITS NOW WOULD CAUSE ADVERSE REACTION IN JAPAN AND THEREFORE WOULD HAVE EFFECT OF HARMING ROK-JAPAN RELATIONS.

3. SEO EXPLAINED TO EMBOFF THAT GOJ WOULD BE VERY STRICT IN DECIDING ON ANY FUTURE EX-IM CREDITS FOR NK TO MAKE SURE NK DID NOT MISUNDERSTAND GOJ'S POLICIES AND TO ENSURE THAT ROK-JAPAN RELATIONS WERE NOT INJURED. GOJ'S PRINCIPAL CONCERN IN ITS POLICY TOWARD KOREAN PENINSULA, HE SAID, IS PRESERVATION OF POSITION OF ROK. SEO ADDED PERSONAL NOTE THAT PURPOSE OF JAPAN'S ATTEMPT TO OPEN NON-POLITICAL EXCHANGE WITH NK WAS TWO-FOLD: ON ONE HAND TO END NK'S ISOLATION BUT ON OTHER TO EXPOSE NK'S INTRANSIGENCE TO OTHERS, MOST PARTICULARLY TO THOSE JAPANESE WHO VIEW NK UNOBJECTIVELY. NORTH KOREAN' UNCOMPROMISING AND INTRANSIGENT ATTITUDE AT OCTOBER IPU CONFERENCE WAS REAL EYE-OPENER AND, TO SEO'S SATISFACTION, PRESS PROVIDED FULL COVERAGE.

4. FINALLY, SEO SOUGHT TO CLARIFY FONOFF'S ATTITUDE TOWARD POSSIBLE US APPROACH TO ROKG ON QUESTION OF TWO JAPANESE IMPRISONED IN ROK. NOTING THAT DURING DISCUSSION OF ROK DOMESTIC SITUATION, ISSUE OF IMPRISONED STUDENTS CAME UP AND SECRETARY, ACCORDING TO SEO'S TRANSCRIPT, COMMENTED THAT ASST
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SECY HABIB AND AMB YASUKAWA MIGHT DISCUSS QUESTION AND US "COULD CONSIDER IF WE COULD DO SOMETHING." SEO NOTED THAT RELEASE OF TWO WHEN ROK SUPREME COURT DECISION IS REACHED (EXPECTED SOON) OR EVEN AFTER THEY SERVE A MINIMAL SENTENCE OF A MONTH OR SO, WOULD HELP TO IMPROVE JAPANESE PUBLIC'S ATTITUDE TOWARD ROK. NEVERTHELESS, SEO SAID, "AMB YASUKAWA WOULD NOT BRING MATTER UP WITH ASST SECY HABIB AND GOJ WAS NOT IN A POSITION TO ASK USG TO UNDERTAKE ANY SPECIFIC ACTION." HE

THEN ADDED THAT "GOJ WOULD, OF COURSE, BE INTERESTED IN ANY
COMMENT WE HAD OR STEPS WE MIGHT UNDERTAKE ON OUR OWN."

5. COMMENT: REGARDING FINAL POINT, JAPANESE CLEARLY
HOPE WE WILL SEE IT IN ALL OUR INTERESTS FOR ROK TO TAKE
STEP WHICH COULD INITIATE UPTURN IN ROK-JAPAN RELATIONS
BUT FONOFF UNWILLING TO ASK US DIRECTLY TO INTERCEDE.
HODGSON

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